



**BOARD OF EQUALIZATION
LEGISLATIVE COMMITTEE MEETING MINUTES
HONORABLE JOHAN KLEHS, CHAIR
450 N STREET, SACRAMENTO, ROOM 122
OCTOBER 31, 2000 - 1:30 PM**

Adopted: November 2, 2000

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1. PROPERTY TAXES

2001 Legislative Proposals

Set forth below are suggestions for Property Taxes legislation to be sponsored by the Board in the first year of the 2001-2002 Legislative Session (see attachments). Additional suggestions will be included on the agenda for January, 2001.

**Suggestion
Number**

- 1-1 Amend Section 833 of the Revenue and Taxation Code to expressly require that county assessors and auditors maintain the confidentiality of state assessee information provided by the Board.**

Source: Honorable John Chiang

Revenue Impact: None

Recommendation: Adopt

- 1-2 Amend Section 1603 of the Revenue and Taxation Code to extend the final date for filing an assessment appeal from September 15th to November 30th.**

Source: Honorable John Chiang

Revenue Impact: None

Recommendation: Adopt

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- 1-3 Amend Section 63.1 of the Revenue and Taxation Code to, with respect to the parent-child change in ownership exclusion, (1) specifically provide that the exclusion applies to manufactured homes, and (2) allow taxpayers who have previously received the exclusion to rescind their claim.**

Source: Property Taxes Department

Revenue Impact: None

Recommendation: Adopt

- 1-4 Amend Section 69.4 of, and add Section 74.7 to, the Revenue and Taxation Code to define terms so owners of contaminated property may receive property tax relief either by transferring the base year value or reconstructing improvements without reassessment.**

Source: Property Taxes Department

Revenue Impact: None

Recommendation: Adopt

- 1-5 Amend Section 74.5 of the Revenue and Taxation Code to clarify the definition of “improvements utilizing earthquake hazard mitigation technologies”.**

Source: Property Taxes Department

Revenue Impact: None

Recommendation: Adopt

- 1-6 Amend Section 5802 of the Revenue and Taxation Code to clarify that a manufactured home is not subject to supplemental assessment when an owner converts the taxation of their home from the vehicle license fee to the local property tax.**

Source: Property Taxes Department

Revenue Impact: Minimal, and to only one county (Butte)

Recommendation: Adopt

- 1-7 Amend Sections 11338 and 11339 of the Revenue and Taxation Code to eliminate the filing of declarations of intent to petition for reassessment of private railroad cars.**

Source: Property Taxes Department

Revenue Impact: None

Recommendation: Adopt

- 1-8 Amend Section 51142 of the Government Code to specify the time period for a taxpayer to appeal the new valuation of property that has been removed from a Timberland Production Zone and also specify that the tax recoupment fee that must be paid when such land is immediately rezoned is due within 60 days of the mailing of the tax bill rather than within 60 days of receipt of the tax bill.**

Source: Property Taxes Department

Revenue Impact: None

Recommendation: Adopt

2. BUSINESS TAXES GENERAL

2001 Legislative Proposals

Set forth below are suggestions for Business Taxes legislation to be sponsored by the Board in the first year of the 2001-2002 Legislative Session (see attachments). Additional suggestions will be included on the agenda for January, 2001.

Suggestion Number

- 2-1 Add Section 115.1 to the Evidence Code to state that the burden of proving the existence of fraud or intent to evade for the purpose of imposing a penalty on any tax or fee pursuant to the Revenue and Taxation Code requires clear and convincing evidence.**

Source: Business Taxes Committee

Revenue Impact: None

Recommendation: Adopt

- 2-2 Amend Sections 6591.5 and 6907 of the Revenue and Taxation Code to provide that the interest rate for overpayments is the same as the interest rate for underpayments.**

Source: Legislative Division

Revenue Impact: Increased Credit Interest Payments

Year	Special Taxes	State Sales & Use Tax	Total State	Local	Transit
2000-01	\$ 237,273	\$ 795,455	\$1,032,728	\$ 357,955	\$ 106,591
2001-02	1,694,805	5,681,818	7,376,623	2,556,818	761,364
2002-03	2,813,377	9,431,818	12,245,195	4,244,318	1,263,864
2003-04	2,900,000	9,722,222	12,622,222	4,375,000	1,302,778

Recommendation: Adopt as amended to delete Section 6907

**3. BUSINESS TAXES
SALES AND USE TAX
2001 Legislative Proposals**

Set forth below are suggestions for Sales and Use Tax legislation to be sponsored by the Board in the first year of the 2001-2002 Legislative Session (see attachments). Additional suggestions will be included on the agenda for January, 2001.

**Suggestion
Number**

- 3-1 Amend Section 6363.3 of the Revenue and Taxation Code to extend indefinitely the sales and use tax exemption for sales of used clothing, household items, or other retail items by specified thrift stores.**

Source: Honorable John Chiang

Revenue Impact: Annual state and local revenue loss of approximately \$165,000

Recommendation: Adopt

Board Action: Amended proposal to include thrift stores operated by organizations whose proceeds are used for the funding of medical and social services to individuals with cancer.

- 3-2 Amend Section 7076.2 and repeal Sections 7076.6 and 7076.7 of, the Revenue and Taxation Code to delete the sunset date and restrictive criteria with respect to Section 6596 application, and the restrictive criteria to determine taxpayer eligibility for participation in the managed audit program, and to instead authorize the Board to establish the criteria which would determine taxpayer eligibility.**

Source: Business Taxes Committee

Revenue Impact: Potential \$1 million annual revenue increase, depending upon change in qualifying criteria and level of participation

Recommendation: Adopt

- 3-3 Amend Article 1.5 (commencing with Section 6480) of, and repeal Article 1.6 (commencing with Section 6480.10) of, the Revenue and Taxation Code to move the prepayment of sales tax on gasoline and diesel fuel to the terminal rack.**

Source: Sales And Use Tax Department

Revenue Impact: None

Recommendation: Adopt

4. BUSINESS TAXES SPECIAL TAXES

2001 Legislative Proposals

Set forth below are suggestions for Special Taxes legislation to be sponsored by the Board in the first year of the 2001-2002 Legislative Session (see attachments). Additional suggestions will be included on the agenda for January, 2001.

Suggestion Number

- 4-1** Amend Sections 41003, 41007, 41008, 41009, 41010, 41011, 41012, 41020, 41021, 41022, 41023, 41024, 41025, 41027, 41030, 41031, 41032, 41045, 41046, 41050, 41051, 41052, 41052.1, 41053, 41076, 41077, 41080, 41083, 41088, 41090, 41095, 41097, 41101, and 41150 of, and repeal Sections 41014, 41015, 41016, 41017, 41018, 41019, and 41026 of, the Revenue and Taxation Code to change the current method of imposing the Emergency Telephone Users Surcharge from a percentage of the charge for intrastate telephone communication service to a flat rate per access line basis.

Source: Special Taxes Department – Excise Taxes Division

Revenue Impact: None

Recommendation: Adopt

- 4-2** Amend Sections 7651, 7652, 7652.5, 7652.7, 8752, 30181, 30182, 30183, 30186, 30187, 30188, 32251, 40061, 40063, 41052, 43151, 43152.6, 43152.7, 43152.9, 43152.13, 43152.14, 45151, 46151, 50109, 60201, 60202, 60203, 60204, 60205, 60205.5, and 60206 of, and add Sections 7659.93, 8763, 30193, 32263, 40069, 41063, 43173, 45163, 46163, 50112.10, 55040, 55053, and 60253 to, the Revenue and Taxation Code to authorize the Board to accept Special Taxes Program returns by electronic media and to prescribe the method of authenticating a return.

Source: Special Taxes Department

Revenue Impact: None

Recommendation: Adopt

- 4-3 Amend Sections 7670, 8127.5, 8776, 9151.5, 43201, 43451.5, 46201, 46501.5, 50113, 50139.5, 60310 and 60521.5 of the Revenue and Taxation Code to apply excess tax reimbursement to all persons in the fuel distribution chain that reimburse themselves by passing the tax on to their customers.**

Source: Special Taxes Department – Fuel Taxes Division

Revenue Impact: Lack of authority to collect excess tax reimbursement has cost the state \$200,000 in one case of consumer fraud.

Recommendation: Adopt

- 4-4 Amend Sections 30014, 30016, 30104, 30108, 30176.1, and 30181 of the Revenue and Taxation Code to reference provisions of Proposition 10.**

Source: Special Taxes Department – Excise Taxes Division

Revenue Impact: None

Recommendation: Adopt

- 4-5 Repeal Section 30463 of the Revenue and Taxation Code to delete an obsolete code section.**

Source: Legal Division

Revenue Impact: None

Recommendation: Adopt

- 4-6 Amend Sections 32402, 45652, 46502, 50140, and 55222 of the Revenue and Taxation Code to clarify the time period in which a claim for refund may be filed.**

Source: Legal Division

Revenue Impact: None

Recommendation: Adopt

- 4-7 Add Section 25174.12 to the Health and Safety Code to provide a bad debt deduction for hazardous waste disposal facility operators.**

Source: Legal Division

Revenue Impact: Approximately \$25,000 annually

Recommendation: Adopt

- 4-8 Amend Section 25205.5 of the Health and Safety Code to change the refund application date until after the Department of Toxic Substances Control has determined whether or not surplus funds are available.**

Source: Special Taxes Department – Environmental Fees Division

Revenue Impact: None

Recommendation: Adopt

- 4-9 Amend Section 25205.6 of the Health and Safety Code to correct an erroneous code reference.**

Source: Legal Division

Revenue Impact: None

Recommendation: Adopt

- 4-10 Amend Section 42886 of the Public Resources Code to clarify ambiguous language regarding the reporting of the California Tire Fee and to delete language requiring a 20% penalty that is in conflict with the applicable Fee Collection Procedures Law.**

Source: Special Taxes Department – Excise Taxes Division

Revenue Impact: None

Recommendation: Adopt

5. PROPERTY TAXES/BUSINESS TAXES/ADMINISTRATION**GENERAL****2001 Legislative Proposals**

Set forth below are suggestions for Property Taxes/Business Taxes/Administration legislation to be sponsored by the Board in the first year of the 2001-2002 Legislative Session (see attachments). Additional suggestions will be included on the agenda for January, 2001.

**Suggestion
Number**

- 5-1 Amend Section 6593.5 of the Revenue and Taxation Code to provide the Board with the authority to grant relief of interest imposed due to an audit determination, provided the relief is granted due to an unreasonable error or delay by an employee of the Board.**

Source: Taxpayers' Rights Advocate's Office

Revenue Impact: Minimal loss due to relief of interest

Recommendation: Adopt

Approved: _____
Johan Klehs, Committee Chair

James E. Speed, Executive Director

BOARD APPROVED

at the _____ Board Meeting

Judy Newton, Chief
Board Proceedings Division